Dublin Airport Authority plc
Financial Review and Extract from Regulated Entity Accounts

Year Ended 31 December 2012

Dublin Airport Authority plc – Financial Review and Extract From Regulated Entity Accounts

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Dublin Airport Authority plc – Financial Review and Extract From Regulated Entity Accounts

Statement of directors' responsibilities of Dublin Airport Authority plc for the Financial Review and Extract from Regulated Entity Accounts

The Commission for Aviation Regulation ("CAR") is the statutory body established to regulate, inter alia, certain aspects of the aviation sector in Ireland. Pursuant to the Aviation Regulation Act of 2001 ("the Act"), the Commission is required to make determinations ("Regulatory Determinations") governing the maximum levels of airport charges that can be levied at Dublin Airport by Dublin Airport Authority plc ("the Company" or "DAA") as the airport authority.

The Commission has requested that DAA prepare accounts, including a profit and loss account, showing its regulated activities, separate from its other activities ("Regulated Entity Accounts"), made up to a year-end date of 31 December, the corresponding date to which the statutory accounts of the Company are made up. At the discretion of the Commission, extracts from these Regulated Entity Accounts may be published. The directors of DAA are responsible for preparing both the full Regulated Entity Accounts and these extracts from the Regulated Entity Accounts.

These accounts represent an extract from the Regulated Entity Accounts of accounting policies, profit and loss account and associated notes as they pertain to Dublin Airport and are consistent with the full Regulated Entity Accounts which have been provided to the Commission. The full Regulated Entity Accounts are based on the statutory financial statements for the year ending 31 December 2012 of the relevant legal entities comprising the Regulated Entity as set out under the Basis of Preparation on page 7. They have been prepared solely to present fairly for the Regulated Entity results and cashflows for that year, and the financial position as at the year end. They have been prepared in accordance with the Statement of Accounting Policies on pages 6 to 11 to present fairly the profit and loss account, balance sheet and cashflows of the Regulated Entity as set out in accordance with the Basis of Preparation as described on page 6.

In preparing the statutory financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the entity will continue in business.

The directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Company and of the DAA Group, from which the Regulated Entity Accounts are derived, and to enable them to ensure that the statutory accounts of those entities making up the Regulated Entity Accounts comply with the Companies Acts, 1963 to 2012. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the DAA Group and to prevent and detect fraud and other irregularities.

The directors are responsible for establishing and maintaining the system of internal control throughout the parent Company including controls to enable the Company to comply with Regulatory Determinations as these affect maximum airport charges. The system of internal control comprises the ongoing processes for identifying and evaluating and managing significant risks faced by the DAA Group in pursuing its business objectives. Such a system is designed to manage rather than eliminate the risk of failure and therefore can only provide reasonable and not absolute assurance that the DAA Group will achieve those objectives or that the DAA Group would not suffer material misstatement or loss.

On behalf of the Board

Pádraig Ó Ríordáin Chairman	Gerry Walsh Director	26 April 2013

Dublin Airport Authority plc – Financial Review and Extract From Regulated Entity Accounts

Financial review of the outturn performance of the regulated entity compared to the CAR Determination Forecast (continued)

for the year ended 31 December 2012

The financial results for Dublin Airport show a loss after taxation and exceptional items for the year was €12.0 million (2011: €1.1 million). Exceptional items for the year amounted to €17.7 million (2011: €0.8 million), with an impact on taxation reducing the tax charge by €2.2 million (2011: €0.1 million). Dublin Airport showed a profit after tax before exceptional items of €3.5 million (2011: loss of €0.4m)

This financial review compares Dublin Airport results and attributable financials with CAR forecasts. All references to forecasts by CAR refer to the forecasts contained in the 2009 'Determinations on the Maximum Level of Airport Charges at Dublin Airport' (4 December 2009) as amended by 'Decision of the Commission further to Referral by the 2010 Aviation Appeal Panel' (30 July 2010). The forecasts have been inflated in line with the percentage change in the Consumer Price Index between October 2009 and October 2011 which was 3.5%.

Passengers and aeronautical revenue

Passengers in Dublin Airport for 2012 were 19.1 million, which is 1.4 million or 7% below the CAR passenger forecast of 20.5 million reflecting the fall in Irish Gross Domestic Product to 2005 levels.

The lost revenue to Dublin Airport of the passenger variance against the CAR forecast at the price cap of €10.74 was €14.9 million.

Commercial revenue

Commercial revenue in Dublin Airport for 2012 was €127.3 million, which is €0.8 million or 1% lower than the commercial revenue forecast of €128.1 million set by CAR.

The commercial revenue per passenger of €6.67 achieved was 7% higher than the forecast of €6.25 set by CAR. One off commercial transactions, improved facilities, investments outside the regulated asset base (RAB), better promotions and initiatives such as shop and collect are the main reasons for the increase. This improvement of €7.9 million in passenger spend mitigates the reduction in volume of €8.7 million (1.4 million passengers at €6.25 per passenger).

Operating expenses

Operating expenses in Dublin Airport for 2012 were €186.2 million, which was €29.0 million or 13% below the cost forecast of €215.1 million set by CAR.

Payroll costs, at €107.6 million, are €14.6 million or 12% below the CAR forecast. €8.3 million of this is in the existing facilities (i.e. pre Terminal 2) due to the successful implementation of the Cost Recovery Programme that the DAA undertook since the end of 2009.

Non-payroll costs, at €78.6 million, are €14.3 million or 15% below the CAR forecast, reflecting continued tight management of costs at the airport.

Dublin Airport Authority plc – Financial Review and Extract From Regulated Entity Accounts

Financial review of the outturn performance of the regulated entity compared to the CAR Determination Forecast (continued)

for the year ended 31 December 2012

EBITDA

Dublin Airport's implicit Earnings before Interest, Taxes, Depreciation and Amortisation and costs of fundamental restructuring (EBITDA) for 2012 was €141.9 million, up €8.9 million on the CAR forecast figure of €133.0 million. This improvement was achieved despite a €23.6 million volume variance at gross margin level due to lower passengers.

Capital expenditure

Capital expenditure in 2012 at Dublin Airport was €29.4 million. Capital expenditure for 2012 as per the CAR allowance is €39.1 million, which is a straight line profile of €189.0 million in 2009 prices over five years.

Funds from operations: net debt

The funds from operations: net debt ratio for Dublin Airport was 9.3% (2011: 8.3%) based on an FFO for the year of €88.5 million (2011: €81.7 million) and attributable net debt at the balance sheet date of €951.7 million (2011: €980.1 million).

Funds from operations (FFO) is calculated in line with Standard and Poor's methodology and is defined as EBITDA and costs of fundamental restructuring less net interest and taxes paid with operating lease costs and payments made in respect of post retirement benefits added back. Net debt includes closing net debt position as well as pension obligations and the capital value of operating lease commitments allocated to Dublin Airport.

	€000
FFO	
EBITDA	141,864
Interest paid	(53,000)
Tax rebate	18
Operating lease payments	736
Post retirement benefit payments	(1,115)
Funds from operations (FFO)	**88,503**
Net debt	
Closing net debt	934,220
Capital value of operating leases	838
Net pension liability	16,617
Adjusted net debt	**951,675**
FFO : net debt	**9.3%**

Dublin Airport Authority plc – Financial Review and Extract From Regulated Entity Accounts

Financial review of the outturn performance of the regulated entity compared to the CAR Determination Forecast (continued)

for the year ended 31 December 2012

Return on capital

The return on the Dublin Airport RAB for the year was 3.6% (2011: 3.4%). Earnings before interest and tax (EBIT) and costs of fundamental restructuring were €56.4 million (2011: €51.7 million) and the average RAB for the year based upon the CAR Determination Forecast is €1,583 million (2011 €1,521 million).

This return is below the 7% cost of capital afforded to Dublin Airport per the CAR Determination Forecast, primarily due to the deferral of remuneration resulting from CAR's unitised approach to Terminal 2 revenues, and a further €54.4 million (2011: €54.8 million) of EBIT would be required to achieve such a return.

On behalf of the Board

Pádraig Ó Ríordáin Chairman	Gerry Walsh Director	26 April 2013

Deloitte.

Deloitte & Touche
Chartered Accountants &
Registered Auditors

Independent Auditor's Report to the Directors of Dublin Airport Authority plc on the Extract from the Regulated Entity Accounts

The accompanying Extract from the Regulated Entity Accounts, which comprise the summary profit and loss account of Dublin Airport for the year ended 31 December 2012 and related notes, are derived from the audited Regulated Entity Accounts of Dublin Airport Authority plc ("the Company") for the year ended 31 December 2012 prepared by the Company for submission to the Commission for Aviation Regulation ("CAR") as required by the Aviation Regulation Act of 2001. We expressed an unmodified audit opinion on those accounts in our report dated 26 April 2013.

This report is made solely to the Company's directors, as a body, in accordance with the terms of our engagement letter. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's directors as a body, for this report, or for the opinions we have formed.

The Extract from the Regulated Entity Accounts do not contain all the disclosures required by Accounting Standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland applied in the preparation of the audited financial statements of the Company. Reading the Extract from the Regulated Entity Accounts is not a substitute for reading the audited Regulated Entity Accounts.

Directors' responsibility for the Extract from the Regulated Entity Accounts

As described on page 1, the directors of the Company are responsible for the preparation of the Extract from the Regulated Entity Accounts in accordance with the criteria agreed by the Company with CAR.

Auditor's responsibility

Our responsibility is to express an opinion on the Extract from the Regulated Entity Accounts based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, "Engagements to Report on Summary Financial Statements".

Opinion

In our opinion, the Extract from the Regulated Entity Accounts derived from the audited Regulated Entity Accounts of the Company for the year ended 31 December 2012 is consistent, in all material respects, with those accounts in accordance with the criteria agreed by the Company with CAR.

Deloitte & Touche

Deloitte & Touche
Chartered Accountants and Statutory Audit Firm
Dublin

26 April 2013

Dublin Airport Authority plc – Financial Review and Extract From Regulated Entity Accounts

Statement of accounting policies

for the year ended 31 December 2012

Background

Pursuant to section 28 of the Aviation Regulation Act 2001, DAA is required to produce audited annual accounts in respect of its regulated activities which shall be submitted to the Commission. The format and content of these accounts has been agreed with the Commission and the full Regulated Entity Accounts have been submitted by DAA to the Commission. As also agreed with the Commission, and at their discretion, extracts from the full Regulated Entity Accounts may be published by the Commission. The accounts on pages 6 to 16 represent an extract from the Regulated Entity Accounts of accounting policies, profit and loss account and associated notes as they pertain to Dublin Airport and are consistent with the full Regulated Entity Accounts which have been provided to the Commission. The financial statements have been prepared in accordance with the following accounting polices.

Basis of Preparation

The directors consider that the obligation to meet the requirements of Section 28(1) of the Aviation Regulation Act 2001 is met by these Regulated Entity Accounts. The format and content of the Regulated Entity Accounts was determined following consultation with the Commission on the form of accounts required from the DAA per Commission Note 1/2011 issued on 16 November 2011.

For the purpose of preparing these accounts, the Regulated Entity Accounts includes the financial statements of Dublin Airport Authority plc (the Company) and four of its subsidiaries, ASC Airport Services Consolidated Limited, DAA Airport Services Limited, DAA Finance plc and DAA Operations Limited. The financial activities of other subsidiary undertakings of Dublin Airport Authority plc are not consolidated for the purpose of these accounts, due to insufficient nexus to the operating activities of Dublin Airport.

These Regulatory Entity Accounts have been prepared by consolidating the audited single company accounts of the Company and the accounts of its four subsidiaries for the year ended 31 December 2012.

The Regulated Entity Accounts are derived from the financial statements of the companies noted above, which are prepared in accordance with generally accepted accounting principles under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board, as promulgated by Chartered Accountants Ireland, except in respect of certain presentation and disclosure requirements of those standards.

State Airports Act 2004 and Separation of Cork and Shannon Airports

In 2003, the Government announced its intention to restructure the Company, the necessary legislative basis for which is set out in the State Airports Act 2004 (“the 2004 Act”), pursuant to which it was proposed that the Company would cease to own Shannon and Cork airports (the “Restructuring”).

In 2012, pursuant to the 2004 Act, the Government decided that:

- Shannon Airport was to be separated from the Company
- The existing ownership of Cork airport by the Company will be maintained for the present and
- The company will be renamed to reflect the fact that there are now two airports and international businesses in the Company structure.

Statement of accounting policies *(continued)*
for the year ended 31 December 2012

Shannon airport business was transferred to SAA, a separate State-owned entity with effect from 31 December 2012. The details of the Restructuring are set out in further Note 1 to the Regulated Entity Accounts.

Profit and Loss Accounts

The results for Dublin Airport are shown separately from the results of those attributable to all Other Activities that have an insufficient nexus to the operating activities of Dublin Airport and hence do not form part of the regulatory or single till. Shannon and Cork Airports, international investments and other international activities (Aer Rianta International cpt) and property related joint venture and associated undertakings fall outside the regulatory till. Costs associated with the proposed development of Dublin Airport City have, in line with DAA's response to Commission Paper 6/2008 and correspondence with the Commission, also have been excluded from the results of Dublin Airport and included under Other Activities. All costs (and where appropriate, revenues) of the Regulated Entity have been allocated to the airports (Dublin, Shannon and Cork) as set out below:

- Shared and head office activities

  All costs (and where appropriate, revenues) of shared and head office activities are allocated to the airports. Where direct attribution is not possible the revenue and cost is apportioned between each airport on a basis that reflects the causality of the cost with allocations as appropriate. Cost causality implies that costs are attributed to businesses in accordance with the activities which cause the costs to be incurred.

- Exceptional items

  The exceptional item in 2012 and 2011 relating to the cost of fundamental restructuring of the Company under the Cost Recovery Program ("CRP") has been allocated to the airports based on the number of applicants from each airport and the associated costs.

  The exceptional item in 2012 relating to the "Restructuring" costs arising from the separation of Shannon airport from the Company have been allocated to "Other Activities" as the Shannon Airport business was outside of the Regulated Entity.

- Interest

  Regulated Entity interest payable has been allocated to the airports on the basis of intra-group borrowings attributable to these airports and interest receivable has been allocated on the basis of deemed cash balances. Interest on borrowings and deposits attributable to subsidiary undertakings not forming part of the Regulated Entity or otherwise relating to the cost of fundamental restructuring arising from activities or investments outside of the single or regulatory till have been excluded from the airport allocation. Such interest is included within Other Activities in the profit and loss account and taxation adjusted accordingly.

Statement of accounting policies *(continued)*

for the year ended 31 December 2012

- Taxation

  The tax charge attributable to the airports, comprising corporation tax and deferred tax, has been allocated by pro-rating the current year tax charge/credit (excluding tax on exceptional items) by reference to the profit/loss before exceptional items and tax of the individual airports. Tax on exceptional items is specifically allocated to the airport where the exceptional items arise.

  Amounts receivable or payable for group tax relief from subsidiaries not forming part of the Regulated Entity, where applicable, in excess of the relevant tax value are included within other operational income or expense and excluded from the amounts allocated to each airport.

Turnover

Turnover represents the fair value of goods and services, net of discounts, delivered to external customers in the accounting period excluding value added tax.

Aeronautical revenue comprises passenger charges which are recognised on their departure, runway movement charges (landing and take-off) levied according to aircraft's maximum take-off weight, aircraft parking charges based on a combination of time parked and area of use, and other charges which are recognised when services are rendered. The Commission for Aviation Regulation regulates the level of revenues that the Company may collect in airport charges levied on users of Dublin Airport. The Commission achieves this by setting a maximum level of airport charges per passenger that can be collected at Dublin Airport.

Direct retailing and retail/catering concessions comprise direct retail revenue which is recognised when the customer takes delivery of the goods and concession fee income which, in general, is a percentage of turnover which may be subject to certain minimum contracted amounts.

Other commercial activities include property letting, which is recognised on a straight-line basis over the term of the rental period, usage charges for the operational systems (e.g. check-in desks), which are recognised as each service is provided and car park income, which is recognised at the time of exiting the car park.

Financial Assets

Income from financial assets is recognised on a receivable basis in the profit and loss account. Investments in entities (subsidiaries, joint ventures and associates) not forming part of the Regulated Entity are shown in the balance sheet as financial fixed assets and are stated at cost less provisions for impairment in value with income from such assets included under other activities. Other financial fixed assets are also carried in the balance sheet on the same basis.

Foreign Currency

Transactions arising in foreign currencies are translated into euro at the rates of exchange ruling at the date of the transactions or at contracted rates. Monetary assets and liabilities denominated in foreign currencies are translated into euro at the contracted rates or at year-end rates of exchange. The resulting profits or losses are dealt with in the profit/loss for the year.

Statement of accounting policies *(continued)*
for the year ended 31 December 2012

Operating Leases

Expenditure on operating leases is charged to the profit and loss account on a basis representative of the benefit derived from the asset, normally on a straight-line basis over the lease period.

Capital Grants

Capital grants are treated as deferred income and amortised over the expected lives of the related fixed assets.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on invoice price on an average basis for all stock categories. Net realisable value is calculated as estimated selling price less estimated selling costs.

Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at cost, less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated to write off the cost of tangible fixed assets, other than land and assets in the course of construction, on a straight-line basis over the estimated useful lives as follows:

Terminal complexes	10 - 50 years
Airfields	10 - 50 years
Plant and equipment	2 - 20 years
Other property	10 - 50 years

Assets in the course of construction are transferred to completed assets when substantially all the activities necessary to get the asset ready for use are complete.

Borrowing costs incurred up to the time that separately identifiable major capital projects are ready for service are capitalised as part of the cost of the assets. Where appropriate, cost also includes own labour costs of construction related architectural and engineering services and directly attributable overheads.

Where a tangible fixed asset is to be withdrawn from use, the depreciation charge for that asset is accelerated to reflect the asset's remaining useful life based on the period between the date of the decision to withdraw the asset and the forecast date when withdrawal will take place.

On an annual basis, the Company estimates the recoverable amount of its tangible fixed assets based on the higher of their net realisable values or their value in use, consisting of the present values of future cash flows expected to result from their use. For the purposes of this review, Dublin and Cork airports combined are considered to form one income-generating unit based on the statutory mandate to operate critical national infrastructure, the interdependence of the airports' cash flows and the functional organisational structure by which the airports are managed. Where the recoverable amount is less than the carrying amount of the assets the Company recognises an impairment loss in the financial statements.

In estimating the present values of future cash flows, the discount rate used is the pre-tax discount rate that reflects the time value of money and the risk specific to the income generating unit.

Statement of accounting policies *(continued)*

for the year ended 31 December 2012

Tangible Fixed Assets and Depreciation (continued)

The cash flows are taken from the Company's ten-year business plan. The main components of the business plan are:

- Earnings projections based on expected passenger numbers, revenues and costs;
- Capital investment and working capital projections

Added to these cash flows is a terminal value including an estimate of the full remuneration for all regulated assets, some of which has been deferred due to the regulatory profiling of future revenues.

The main assumptions that affect the estimation of the value in use are continuation of the current regulatory regime without material change, the passenger growth rate and the discount rate.

Capitalisation of Interest

Interest incurred from commencement of activities on separately identifiable major capital projects up to the time that such capital projects are ready for service is capitalised as part of the cost of the assets.

Taxation

Corporation tax is provided at current rates and is calculated on the basis of the results for the year adjusted for taxation purposes.

Full provision without discounting is made for all timing differences at the balance sheet date in accordance with Financial Reporting Standard 19 (FRS 19) "Deferred Tax". Provision is made at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse. Deferred tax assets are recognised to the extent that they are regarded as recoverable based on the likelihood of there being suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

Pension and Other Post-Retirement Obligations

The Company operates contributory pension schemes, covering the majority of its employees. The schemes are administered by Trustees and are independent of the Company.

For schemes accounted for as defined contribution, contributions are accrued and recognised in operating profit in the period in which they are earned by the relevant employees.

Statement of accounting policies *(continued)*

for the year ended 31 December 2012

Pension and Other Post-Retirement Obligations (continued)

For the schemes accounted for as defined benefit schemes:

- The difference between the market value of the schemes' assets and actuarially assessed present value of the schemes' liabilities, calculated using the projected unit credit method, is disclosed as an asset/liability on the balance sheet net of deferred tax (to the extent that it is recoverable).
- The amount charged to operating profit is the actuarially determined cost of pension benefits promised to employees earned during the year plus any benefit improvements granted to members during the year.
- The expected return on the pension schemes' assets during the year and the increase in the schemes' liabilities due to the unwinding of the discount during the year are shown in finance costs/income in the profit and loss account.
- Any differences between the expected return on assets and that actually achieved and any changes to the liabilities due to changes in assumptions or because actual experience during the year was different to that assumed, are recognised as actuarial gains and losses in the statement of total recognised gains and losses.

The Company has certain unfunded retirement benefit liabilities which are accounted for as defined benefit arrangements.

Derivative Financial Instruments

The principal objective of using derivative financial instruments, including forward exchange contracts, forward rate agreements and interest rate swaps, is to hedge the Company's interest rate and currency exposures. Where these derivative financial instruments hedge an asset, liability or interest cost reflected in the financial statements, the cost of the hedging instrument is included in the carrying amount together with the income and expenses relating to the asset and liability. Where the derivative is a hedge of future cash flow, the gains and losses on the hedging instruments are not recognised until the hedged future transaction occurs.

Cash and Liquid Resources

Within the cash flow statement, cash is defined as cash, deposits repayable on demand and overdrafts. Other deposits with maturity or notice periods of over one working day, but less than one year, are classified as liquid resources.

Debt and Finance Costs

Debt is initially stated at the amount of the net proceeds after deduction of finance and issue costs. Finance and issue costs are charged to the profit and loss account over the term of the debt at a constant rate on the carrying amount.

Exceptional Items

Exceptional items are material items of income and expense that, because of the unusual nature and expected infrequency of the events giving rise to them, merit separate presentation to allow an understanding of the Company's financial performance. Such events may include gains or losses on disposal of assets and costs of a fundamental reorganisation or restructuring.

Dublin Airport Authority plc – Financial Review and Extract From Regulated Entity Accounts

Profit and loss account – Dublin Airport
for the year ended 31 December 2012

	Note	2012 €000	2011 €000
Turnover	*1*	**361,679**	348,422
Operating costs			
Cost of sales		**(33,627)**	(34,286)
Payroll and related costs	*2*	**(107,582)**	(108,228)
Materials and services	*3*	**(78,605)**	(72,289)
Depreciation and amortisation	*4*	**(85,432)**	(81,944)
		(305,246)	(296,747)
Operating profit – continuing operations		**56,433**	51,675
Costs of fundamental restructuring	*5*	**(17,664)**	(786)
Profit before interest and tax		**38,769**	50,889
Net interest payable		**(52,773)**	(52,203)
(Loss)/profit on ordinary activities before tax		**(14,004)**	(1,314)
Tax credit/(charge)/ on (loss)/ profit on ordinary activities		**2,031**	166
(Loss)/profit on ordinary activities after tax		**(11,973)**	(1,148)

On behalf of the Board

Pádraig Ó Ríordáin
Chairman

Gerry Walsh
Director

26 April 2013

Dublin Airport Authority plc – Financial Review and Extract From Regulated Entity Accounts

Notes on and forming part of the Regulated Entity Accounts
for the year ended 31 December 2012

1 Turnover

	2012	2011
	€000	€000
Airport charges	**200,975**	192,530
Property and concessions	**41,295**	37,387
Direct retailing and retail/catering concessions	**86,096**	86,639
Car parking	**23,672**	23,490
Other activities	**9,641**	8,376
	361,679	348,422

Airport charges
Airport charges are charges levied in respect of the landing, parking or taking off of an aircraft including the supply of airbridges, charges levied in respect of the arrival at or departure from an airport by air of passengers, or charges levied in respect of the transportation by air of cargo to or from an airport.

	2012	2011
	€000	€000
Runway	**84,548**	79,364
Aircraft parking	**13,572**	13,746
Airbridge	**1,691**	1,514
Passenger charges	**110,080**	104,120
Traffic / route incentive schemes	**(10,394)**	(4,736)
Airport charges levied	**199,497**	194,008
Provision for incentive schemes	**1,478**	(1,478)
	200,975	192,530

Notes (continued)

for the year ended 31 December 2012

1 Turnover *(continued)*

Price cap outturn

The Commission for Aviation Regulation regulates the level of revenues that the Company may collect in airport charges levied on users of Dublin Airport. The Commission achieves this by setting a maximum level of airport charges per passenger that can be collected at Dublin Airport.

	2012 Dublin Airport	**2011 Dublin Airport**
Airport charges levied	**€199,496,592**	€194,007,857
Passenger numbers	**19,099,649**	18,740,593
Average airport charge per passenger	**€10.45**	€10.35
Commission per passenger cap on airport charges	**€10.74**	€10.42
Under recovery of airport charges	**€0.29**	€0.07

The average airport charge per passenger in 2012 was €10.45 (2011: €10.35). The passenger numbers through Dublin Airport for the year were 19,099,649 (2011: 18,740,593). The price cap set by the Commission for the year was €10.74 (2011: €10.42).

The airport charges levied during 2012 for Dublin Airport were €199,496,592 (2011: €194,007,857).

Persons with reduced mobility ("PRM")
Dublin Airport PRM charges of €3.7 million (2012: €3.5 million) are included in passenger charges within airport charges as they form part of the price cap pursuant to CP 4/2009 (Determination on Maximum Levels of Airport Charges at Dublin Airport).

Cargo services charges
No separate charges in respect of cargo were levied during the year other than charges generally applicable to the landing, parking or taking off of cargo aircraft (including the supply of airbridges), which are disclosed as airport charges.

Access to installations ("ATI")
Pursuant to S.I. No. 505/1998 - Regulations Entitled European Communities (Access To The Groundhandling Market At Community Airports) Regulations, 1998, DAA is required to seek approval from the Commission for changes to ATI fees. Dublin Airport ATI fees comprise fees for check-in desks. Included in property and concessions turnover above are ATI fees for check-in desks of €2.0 million (2011: €2.0 million).

Notes (continued)
for the year ended 31 December 2012

2 Payroll and related costs

	2012 €000	2011 €000
Wages and salaries	**93,779**	94,845
Social welfare costs	**8,928**	8,879
Pension costs	**4,197**	4,603
Other staff costs	**2,396**	1,671
	109,300	109,998
Staff costs capitalised into fixed assets	**(1,718)**	(1,770)
Net staff costs	**107,582**	108,228

3 Materials and services

	2012 €000	2011 €000
Repairs and maintenance costs	**10,486**	9,814
Rents and rates	**14,061**	12,511
Energy costs	**6,266**	6,009
Technology operating costs	**7,822**	6,946
Insurance	**2,773**	2,585
Cleaning contracts & materials	**3,446**	4,053
CUTE operating lease costs	**898**	1,162
Fees and professional services	**8,241**	7,154
Marketing & promotional costs	**5,407**	4,309
Aviation customer support	**1,103**	852
Telephone print and stationery	**887**	821
Employee related overheads	**3,528**	2,802
Other overheads	**3,537**	2,930
PRM service provider	**4,072**	4,259
Travel & subsistence	**898**	776
Car park direct overheads	**3,546**	3,515
CAR costs	**1,634**	1,791
	78,605	72,289

Notes (continued)
for the year ended 31 December 2012

4 Depreciation and amortisation

	2012	2011
	€000	€000
Depreciation and loss on retirements and disposals of fixed assets	**86,207**	82,721
Amortisation of capital grants	**(775)**	(777)
	85,432	81,944

5 Exceptional item

a) Cost Recovery Programme ("CRP")

In 2009, in response to significant challenges in the business environment, a CRP was developed following consultation with staff and staff representatives, to address fundamental changes to the cost base.

The Company has continued to restructure under the CRP. €22.0 million has been charged to exceptional items in 2012 (2011: €0.9 million). The impact on taxation was to reduce the tax charge by €2.8 million in 2012 (2011: €0.1 million).

The CRP includes a voluntary severance scheme and changes to work practices and conditions.

b) The Restructuring costs

Pursuant to the Government decision announced on 3 December 2012 Shannon Airport was separated from the Company. The Government also confirmed that the Company will be renamed to reflect the revised nature of the Company's business arising from the restructuring. Costs associated with the separation and consequent renaming of the Company amounting to €5.1 million have been charged to exceptional items. The impact on taxation was to reduce the tax charge by €0.6 million.

6 Approval of Regulated Entity Accounts

The Regulated Entity Accounts were approved by the Board on 26 April 2013.

Dublin Airport Authority plc – Financial Review and Extract From Regulated Entity Accounts

Appendix 1 – Passenger numbers

	2012	2011
Embarking	**9,546,399**	9,380,542
Disembarking	**9,545,949**	9,351,890
Transit	**7,301**	8,161
	19,099,649	18,740,593

Appendix 2 - Employee numbers

	2012	2011
Average Full-time Equivalents	**1,919**	1,952

Appendix 3 – Rolling incentives

Pursuant to the rolling incentives introduced for some categories of payroll operating costs, as outlined in paragraphs 6.82 to 6.84 of CP4/2009, the following information is disclosed:

	2012 €000	2011 €000
Dublin Airport payroll costs include		
Airfield services	**2,783**	2,781
Car parking	**1,962**	2,150
Property and other commercial activities	**3,408**	3,850
Support services (Dublin)	**820**	724
Total payroll costs include:		
Shared costs	**15,751**	15,165
Total DAA payroll costs above	**24,724**	24,670
Total payroll costs per CAR (inflated)	**26,588**	25,702
Outperformance	**(1,864)**	(1,032)

Appendix 4 – Excluded information

The following information which has been included in the full Regulated Entity Accounts that have been submitted to the Commission has been excluded from these extracted Regulated Entity Accounts, on the grounds of relevance to the regulated business.

"Other Activities" column in the profit and loss account which relates to the non regulated activities
Statement of total recognised gains and losses
Reconciliation of movement in shareholders' funds
Balance sheet
Cash flow statement
"Other Activities" column in the profit and loss account notes 2, 3, 4 and 5
Note 1 The Restructuring
Note 7 Interest
Note 8 Tax on profit/loss on ordinary activities
Note 9 Tangible fixed assets
Note 20 Fixed assets – financial
Note 11 Subsidiary undertakings
Note 12 Debtors
Note 13 Creditors: amounts falling due within one year
Note 14 Creditors: amounts falling due after more than one year
Note 15 Capital grants
Note 16 Financial liabilities
Note 17 Provisions for liabilities
Note 18 Deferred tax liability/(asset)
Note 19 Reconciliation of net assets
Note 20 Called up share capital
Note 21 Reconciliation of operating profit to net cash inflow from operating activities
Note 22 Reconciliation of net cashflow to movement in net debt
Note 23 Analysis of net debt
Note 24 Pensions